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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

IN REPLY REFER TO:

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93-253

Honorable Pete Peterson
United States House of Representatives
426 Cannon House Office Building.
Washington, D.C. 20515

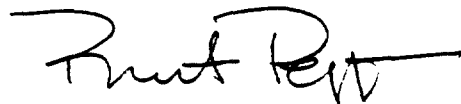
Dear Congressman Peterson:

This in reply to your letter of September 29, 1993, concerning the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act). Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On August 10, 1993, President Clinton signed the Omnibus Budget Reconciliation Act of 1993 (Budget Act). Under the Budget Act, the Commission must subject all initial mutually exclusive applications for subscriber-based radio services to a system of competitive bidding rather than lotteries. In addition, the Budget Act, signed August 10, 1993, provided the Commission with 210 days from its date of enactment, or March 8, 1994, to issue final rules concerning competitive bidding. Further, the Budget Act requires the Commission to commence issuing PCS licenses under a system of competitive bidding within 270 days, or May 7, 1994. Accordingly, on September 23, 1993, the Commission initiated a rule making proceeding to implement the competitive bidding provisions of the Budget Act. Notice of Proposed Rule Making (Auction NPRM), PP Docket 93-253 (adopted September 23, 1993, released October 12, 1993).

According to the Budget Act, the Commission must ensure the economic opportunity of the following entities designated in the legislation: small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. The Commission also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As the Commission considers the comments filed in the competitive bidding proceeding, I can assure you that the Commission will keep in mind our mandate to ensure economic opportunity for the designated entities, including small as required by the Budget Act.

Sincerely,



Robert Pepper
Chief
Office of Plans and Policy

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List A B C D E

PETE PETERSON
2nd DISTRICT, FLORIDA

COMMITTEE
ON
APPROPRIATIONS
SUBCOMMITTEES:
ENERGY AND WATER
RESOURCES
AGRICULTURE AND RURAL
DEVELOPMENT

Congress of the United States
House of Representatives
Washington, DC 20515-0902

September 29, 1993

*CCB
3/11/94*

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The Honorable James Quello
Acting Chairman
Federal Communications Commission
1919 M Strret, NW
Washington, D.C. 20554

Dear Mr. Chairman:

I have enclosed a copy of a letter that I received from my constituent, Sidney P. Hough. As you will note, he writes of his concern with the communication licensing process contained in the Omnibus Budget Act of 1993. Specifically, he is concerned that the licensing process will benefit a select few.

Please review the letter. I would appreciate your providing me with your written comments. I will then forward your views to Mr. Hough.

If you need additional information, please do not hesitate to let me know. Thank you for your attention to this matter.

Sincerely,

Pete Peterson
Pete Peterson, M.C.

DBP:bes



Hough Auction & Real Estate Sales
AUCTIONEERS & REALTORS

July 8, 1993

SIDNEY P. HOUGH
Auctioneer & Realtor

P.O. BOX 36
TALLAHASSEE, FLORIDA 323

Representative Pete Peterson
Congress of The United States of America
Washington, D.C.

Re: Amendment to The Current Budget Bill
Pertaining to Auctioning of Licenses
Issued By the FCC.

Dear Representative Peterson,

This is a long overdue action, on our part, that has been finally motivated by hearing about an amendment that has been attached to the Budget Bill with, as far as we can tell, complete media silence.

The licensing process, as being handled by the FCC, has every element of potential thievery and fraud as was revealed several years too late, by the Federal Savings & Loan scandal.

The money involved in the marketplace value of these licenses, plus the ongoing flow of future revenue makes the Federal Savings & Loan situation look small in comparison.

We are signing our names to this letter in hopes that some elected members, of Congress, will read this letter and have enough concern to at least implement a preliminary investigation of the licensing process of the FCC.

Contact can be made by sending a letter by fax, to (904)222-7749. A personal contact will be most appreciated. We are of the opinion that this is a matter of national concern.

We have not seen a copy of the amendment at the time of the faxing of this letter. We were informed about this amendment by someone like ourselves, who has been involved in the FCC Licensing for a period of time.

Some of the signers of this letter became involved, quite by chance, in the FCC process of issuing licenses, to operate Cellular Telephone Companies, as early as 1985.

What we have seen and been personally involved in is bureaucratic activities that one would expect in some country like Iraq. A country where leadership goes through a mockery process of having free government, by the people, for the people and of the people.

In fairness to the youth of this country, born and unborn, we strongly urge you to not allow this amendment to remain a part

of the Budget Bill.

We strongly agree that these licenses should be and SHOULD HAVE BEEN sold for the highest dollar amount possible. Every dollar received from such sale, past, present and future should be and should have been applied to the NATIONAL DEBT.

If the amendment is written even similar to what we have been told, then it is nothing but a process to assure the ownership of such licenses be passed to the hands of an influential few. This is the results of the procedure presently being applied. The only difference is some few dollars will go to the Federal Treasury.

The telecommunication licenses issued and presently being issued are and were excellent opportunities to spread the potential wealth of ownership throughout many citizens. The process properly implemented could have prevented monopolistic and semi-monopolistic power taking over the communication industry. We citizens do not, nor do the future citizens, need a repeat of an AT&T litigation. Only the Legal Commercial Enterprise profits from such actions.

We strongly urge you to not pass any such legislation until the entire process, of issuing of licenses and the final results, in the marketplace, has been investigated. The unedited report(s) prepared from such an investigation should be made available to the public.

The applications presently in possession of the FCC should be processed as expeditiously as possible. The FCC should be required to terminate accepting license applications immediately, not October 1, 1993. The citizens who have taken part in the licensing process, in place at this time, by investing time and money are entitled to this consideration.

This investigative task should be assigned to three separate teams that shall operate independently. Each team should consist of three members each. These members should be selected from people with prior proven investigative abilities. One member of each team should be selected from the best investigators of the FBI. A second member of each team should be an investigative news reporter. The third member should be a person with proven marketplace business ability and prior concern for fairness in government. These teams should be allowed six months for the first report and up to an additional six months, if deemed necessary.

These reports will provide Congress factual information on which legislation can be written, that is as fair and impartial as possible, for use in the future selling, by well announced and publicize public auctions, of all licenses issued by the FCC.

Quite possibly it will produce information that will require criminal prosecution. We sincerely hope not, but billions and billions of dollars are involved in the value of these licenses.

THE LEGISLATION SHOULD BE WRITTEN AS SPECIFICALLY AS POSSIBLE TO INSTRUCT THE FCC BUREAUCRATIC STRUCTURE AS TO THE PROCEDURE THAT SHALL BE FOLLOWED! IT SHOULD MOST DEFINITELY NOT BE A VAGUELY WRITTEN LAW THAT LEAVES THE SPECIFIC FUNCTION TO THE DISCRETION OF THE ANYONE!

WE CHALLENGE YOU TO DO WHAT IS NECESSARY TO HAVE A SECOND REPORT COMPILED AND PRESENTED TO YOUR FELLOW COUNTRYMEN, AS TO THE TOTAL MARKETPLACE VALUE OF ALL LICENSES ISSUED BY THE FCC SINCE THE FIRST LICENSE WAS ISSUED FOR THE FIRST CELLULAR TELEPHONE COMPANY. THIS VALUE SHOULD BE DETERMINED BY A TEAM OF THREE PEOPLE WHO ARE IN FULL TIME EMPLOYMENT IN THE STOCK MARKET AND/OR SECURITIES BUSINESS. THIS REPORT COULD BE MADE AVAILABLE IN A RATHER SHORT PERIOD OF TIME.

We are sending this letter to a select group of Senators and Representatives.

We are looking forward to receiving your response.

Sincerely yours,

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